

Message Text

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10

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-03 PRS-01 USIA-15 RSR-01 FS-01

ABF-01 /173 W

----- 111070

R 170833Z AUG 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6102

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMCONSUL HING KONG

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJ: TOKYO FOREX MARKET DEVELOPMENTS -- AUG 13-17

1. DOLLAR IN SPOT MARKET STRENGTHENED SLIGHTLY THROUGHOUT
WEEK, WITH REPRESENTATIVE RATE ON FRI AT Y265.45, UP Y.15

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FROM MON. TRANSACTIONS DURING THE FIVE-DAY PERIOD WERE IN

THE RANGE OF Y265.25 TO Y265.48 PER DOLLAR. VOLUME IN THE SPOT MARKET WAS SOMEWHAT GREATER THAN THAT FOR THE PREVIOUS WEEK, AVERAGING \$79 MIL PER DAY. TOTAL WEEKLY VOLUME WAS APPROX \$395 MIL. DOLLAR STRONGER IN TOKYO MARKET IN RECENT DAYS AS RESULT OF RECOVERY OF DOLLAR PRICES IN EUROPEAN MARKETS, BOJ OFFICIAL CLAIMS. OFFICIAL ALSO STATED THAT CONTINUED SHORTAGE OF DOLLARS IN SPOT MARKET PERSISTED THROUGH THIS WEEK, NECESSITATING CENTRAL BANK DOLLAR SALES OF JUST OVER \$250 MIL. THIS COMPARES TO OFFICIAL DOLLAR SALES OF SLIGHTLY UNDER \$200 MIL LAST WEEK. NO SPECIAL REASONS FOR HEAVY DOLLAR DEMAND OTHER THAN HIGH LEVEL OF IMPORT PAYMENTS DUE.

2. FORWARD DOLLAR RATES ALSO STRENGTHENED SIGNIFICANTLY DURING THE FIVE-DAY PERIOD AS RESULT OF RENEWED CONFIDENCE EXPRESSED IN EUROPEAN MARKETS. THREE-MONTH FORWARD (NOV DELIVERY) CLOSED ON AUG 17 AT Y260.05, UP Y2.85 FROM MONDAY'S CLOSE. SIX-MONTH FORWARD (FEB DELIVERY) CLOSED WEEK AT Y254.80, UP Y3.40 FROM MON. END OF WEEK CLOSE FOR THREE MONTH FORWARD REPRESENTED DISCOUNT OF 7.07 PERCENT WHILE THAT FOR SIX-MONTH FORWARD REPRESENTED DISCOUNT OF 7.41 PERCENT. THESE COMPARED WITH DISCOUNTS EARLIER IN MONTH OF BETWEEN 10 AND 12 PERCENT FOR THREE AND SIX MONTH FORWARD RATES. TOTAL VOLUME IN THE FORWARD MARKET WAS \$296. MIL, WHILE TOTAL VOLUME IN THE SWAP MARKET REGISTERED \$152 MIL.

SHOESMITH

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Message Attributes

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EO Systematic Review
30 JUN 2005

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